



November 10, 1999

Mr. Fritz Duda
Trinity Mills-Midway Partners, Ltd.
c/o Fritz Duda Co.
One Galleria Tower
13355 Noel Road, LB3
Suite 1315
Dallas, Texas, 75240-6603

VIA FACSIMILE: 972-991-5184

Re: Ground lease dated March 1, 1995 (the "Ground Lease"), by and between Trinity Mills-Midway Partners, Ltd., a Texas limited partnership, as Landlord, and Dallas Highlander, Ltd., a Texas limited partnership now known as Highlander-Bear, Ltd., as Tenant, as amended by that certain First Amendment to Ground Lease and Assignment of Tenant's Interest in Ground Lease and landlord Estoppel dated September 13, 1996 (the "First Amendment"), by and among Landlord, Tenant as Assignor, and Golden Bear Golf Centers, Inc., a Florida corporation, as Assignee

Dear Mr. Duda,

Thank-you for taking time from your schedule to meet with me and Bill Leatherberry to allow us to understand your concerns regarding the lease assignment. Further to our meeting, I believe we can bring forward information that will alleviate your concerns and provide you the comfort that you seek.

The four issues as we discussed are:

1. Deferred maintenance
2. Ongoing maintenance
3. Irrigation system concerns
4. Retail sales, revenue generation

I will address each of these issues in more detail below.

1. **Deferred maintenance:** As we discussed yesterday, we have been addressing each item on the deficiency list you provided us in early October. Some of the items have been completed and the major items have been bid out. We received today a firm proposal to complete the balance of the issues. Regarding the plants, etc. we have a firm bid in hand to rectify all issues outlined by your landscape company. Family Golf has committed to fix all of the items outlined on your detailed lists. The contractors bid is for approximately \$24,000 including two new doors. The landscape bid is for approximately \$11,000 and we have approved the completion of the fence and pad for the maintenance area for a further \$8,000. The approximate total, not including our staff time to finish the other items is roughly \$43,000, below the allotted \$50,000 we have allowed for. You have now seen the purchase agreement that clearly states to the extent the work is not complete by closing, there will be an escrow set aside to finish the work and Golfcraft is bound to complete the work. I trust this alleviates your concern.
2. **Ongoing maintenance:** In the information provided to you by Golfcraft it is noted that their operator will be Prime Golf Group. Prime currently operates five golf courses that all meet stringent maintenance standards. Prime is prepared to meet with you and Jim to discuss their maintenance criteria and standards. They will also be reviewing the budgeted allowances to ensure the facility is maintained in accordance with the provisions of the lease, which are very detailed and very stringent already. The current lease provisions provide you with a significant ability to ensure the facility is maintained accordingly. A key point also is that Prime will be a local operator whereas both Golden Bear and Family Golf were headquartered far from Dallas. I believe once you have had an opportunity to review the information provided by Prime and given your current lease provisions, this will provide you comfort on a ongoing maintenance basis.
3. **Irrigation System:** In conversation with Brad Underwood, he assured me the last remaining heads that primarily water the berms will be hooked into the automatic system by Carston Jones in the next couple of weeks. It is Brad's understanding that once that is complete the system will be fully operational. Brad did indicate that the system had a failure this summer for some 4-6 weeks before we were able to fix it that contributed greatly to the condition of the landing area. If you can provide me with a name of an irrigation consultant to review the entire system and make whatever recommendations are necessary to ensure full capability, I would be glad to have them review it look at their recommendations. Pending our review of the recommendations, we would commit to implementing them immediately. Please provide me a name tomorrow that we can contact and have on site before the weekend.

4. **Retail sales, revenue generation:** This is an issue that I believe is best addressed between Golfcraft and yourself. It is unfortunate that you were misinformed as to Golfcraft's intentions regarding retail. Golfcraft clearly intends to offer retail at all of the facilities in a cost effective, profitable manner. We have discussed the inventory levels, etc. that would be requisite to achieve results consistent with past performance and they are reviewing that. They also indicated they are looking to create a food and beverage area to help grow and support the minigolf and provide an additional amenity to customers which will also generate incremental revenue growth that you will benefit from. In terms of retail sales the past three years, the facility achieved \$537,000 in 1997, \$521,000 in 1998 and is over \$400,000 year to date in 1999. With a decent Christmas season should approach the upper \$400's. This is not terrible performance given the events of the past 12-18 months. A key issue in my mind however, is the intent of the original lease, which gave you no rights as landlord to invoke requirements for retail or other operating issues. In fact, the lease clearly indicates that if they so decided, Golfcraft or Family Golf or whomever, could subcontract the retail without seeking your consent. How we get you comfortable on this issue is unclear to me. It was unfortunate you were misinformed to begin with. For what it is worth, I believe pursuing this issue further would diminish the ability for the site to reach its true potential. It would also jeopardize the transaction at hand such that you may end up in a situation where Golfcraft elects to peel this site out of the deal and Family Golf is left as your operator with a single stand alone site in Texas, to which you have not been happy with the past year. Golfcraft has evidenced it is committed to retail as well as enhancing other revenue streams. Golfcraft will be a local operator that is well capitalized and focused on being successful in their own backyard.

As far as other items we discussed yesterday, I think it is important to point out a couple of other matters. Gross site revenues for the current year are in excess of \$1 million as of November 7. The site will likely end up around \$1,150 to 1.2 million. At the \$1,150,000 level, it will be only off from 1998 revenues by around \$100,000 or less than 10% and off \$150,000 from 1997. While it is not a great trend, given the challenges the past year, weather, irrigation systems, new competition, and other working capital constraints, the site performed okay. A local, experienced, focused management team should be able to achieve a better return which results in a properly maintained facility that can provide the amenities you are seeking to provide for your larger development as well as provide you upside on your lease.

Given the time constraints we discussed yesterday, I would appreciate any comments or questions you have by Friday. If you have any questions, please call me at 604-523-2987.

Sincerely,


Family Golf Centers, Inc.

Don Holmstrom CA

Vice-president Corporate Development